

Joanne T. Blackburn, WSBA No. 21541
Natalia Smirnova, WSBA No. 55110
821 Kirkland Ave., Suite 200
Kirkland, WA 98033
Telephone: 425.646.2956
Facsimile: 425.462.4995
jblackburn@gillaspyrhode.com
nsmirnova@gillaspyrhode.com
*Counsel for Philadelphia Indemnity
Insurance Company*

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
TACOMA

PHILADELPHIA INDEMNITY
INSURANCE COMPANY,

Plaintiff,

NO.

INTERPLEADER COMPLAINT

vs.

GATEWAYS FOR YOUTH & FAMILIES fka
MENTOR HOUSE, a Washington non-profit
corporation; J.S., an individual; A.N., an
individual; J.J., an individual; J.P., an
individual; J.L., an individual; B.F., an
individual; L.L., an individual; K.L., an
individual; C.S. an individual; G.C., an
individual; R.D., an individual; J.H., an
individual; S.P., an individual; H.R., an
individual; J.J., an individual; G.C., an
individual; R.P., an individual; J.G., an
individual; S.B., an individual; T.C., an
individual; J.C., an individual; M.M., an
individual; R.W., an individual; M.S., an
individual; John Does 1-8; and Jane Does 1-8

Defendants.

COMES NOW Philadelphia Indemnity Insurance Company (“Philadelphia” or
“Stakeholder”), by and through its undersigned attorney, and files this Complaint as follows:

I. PARTIES

1 1.1 Interpleader Plaintiff, Stakeholder, Philadelphia is a Pennsylvania corporation,
2 having its principal place of business in Bala Cynwyd, Pennsylvania.

3 1.2 Philadelphia is an insurance company authorized to do business in the State of
4 Washington. During all times relevant herein, Philadelphia conducted insurance business in
5 the State of Washington.

6 1.3 Upon information and belief, Defendant Gateways for Youth & Families
7 (“Gateways”) fka Mentor House is a Washington, non-profit corporation that had its principal
8 place of business in Pierce County, Washington and conducted business in the State of
9 Washington at all relevant times.

10 1.4 Upon information and belief, Defendant J.S. resides in Mason County,
11 Washington.

12 1.5 Upon information and belief, Defendant A.N. resides in Pierce County,
13 Washington.

14 1.6 Upon information and belief, Defendant J.J. resides in Pierce County,
15 Washington.

16 1.7 Upon information and belief, Defendant J.P. resides in Clallam County,
17 Washington.

18 1.8 Upon information and belief, Defendant J.L. resides in Lewis County,
19 Washington.

20 1.9 Upon information and belief, Defendant B.F. resides in Lewis County,
21 Washington.

22 1.10 Upon information and belief, Defendant L.L. resides in King County,
23 Washington.

24 1.11 Upon information and belief, Defendant K.L. resides in Thurston County,
25 Washington.

1 1.12 Upon information and belief, Defendant C.S. resides in Spokane County,
2 Washington.

3 1.13 Upon information and belief, Defendant G.C. resides in Lancaster, California.

4 1.14 Upon information and belief, Defendant R.D. resides in Clark County,
5 Washington.

6 1.15 Upon information and belief, Defendant J.H. resides in Yakima County,
7 Washington.

8 1.16 Upon information and belief, Defendant S.P. resides in Pierce County,
9 Washington.

10 1.17 Upon information and belief, Defendant H.R. resides in King County,
11 Washington.

12 1.18 Upon information and belief, Defendant J.J. resides in Rapid City, South
13 Dakota.

14 1.19 Upon information and belief, Defendant G.C. is presently incarcerated at the
15 Washington Department of Corrections.

16 1.20 Upon information and belief, Defendant R.P. is presently incarcerated at the
17 Washington Department of Corrections.

18 1.21 Upon information and belief, Defendant J.G. resides in Snohomish County,
19 Washington.

20 1.22 Upon information and belief, Defendant S.B. resides in Pierce County,
21 Washington.

22 1.23 Upon information and belief, Defendant T.C. resides in Walla Walla County,
23 Washington.

24 1.24 Upon information and belief, Defendant J.C. resides in Pierce County,
25 Washington.

1 1.25 Upon information and belief, Defendant M.M. resides in Clark County,
2 Washington.

3 1.26 Upon information and belief, Defendant R.W. was placed at Gateways and
4 resided in Pierce County, Washington at all relevant times.

5 1.27 Upon information and belief, Defendant M.S. was placed at Gateways and
6 resided in Pierce County, Washington at all relevant times.

7 1.28 Upon information and belief, Defendants John Does 1-8 and Jane Does 1-8
8 were placed at Gateways and resided in Pierce County at all relevant times (collectively all
9 individual Defendants are referred to as "Claimants" hereinafter).

10 II. JURISDICTION AND VENUE

11 2.1 This Court has subject matter jurisdiction over this matter pursuant to 28
12 U.S.C. § 1335 because this is an action in the nature of interpleader in which the amount in
13 controversy exceeds \$500.00, there exist two or more adverse claimants of diverse
14 citizenship, and Philadelphia is prepared, upon Order of this Court so permitting, to deposit
15 funds, into the registry of this Court.

16 2.2 Additionally, this interpleader action is brought pursuant to the Rules of
17 Federal Procedure 22, and based upon diversity jurisdiction, 28 U.S.C. § 1332, because
18 Stakeholder Philadelphia has diversity of citizenship as between all Defendants, and because
19 the amount in controversy exceeds \$75,000, exclusive of interests and costs.

20 2.3 Jurisdiction exists pursuant to the Rule of Civil Procedure 57 and 28 U.S.C. §
21 2201, as a justiciable controversy exists in that Philadelphia issued two policies of insurance
22 to Gateways, all Defendants as defined herein contend and/or may contend that they are
23 entitled sums under those policies.

24 2.4 Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b) in that a
25 substantial portion of the events giving rise to the claims herein occurred in this District, a

1 substantial portion of the events leading up to the insurance contracts at issue occurred in this
2 district, and because all of the Defendants reside in this District or conducted business and
3 have their principal place of business in this District

4 **III. FACTS**

5 3.1 Seven lawsuits were filed by Claimants in the corresponding lawsuits where
6 they allege that they were sexually assaulted by residents and/or employees of Gateways (“the
7 Lawsuits”).

8 3.2 The Lawsuits were filed before the Superior Courts of the State of Washington
9 for Pierce County and Thurston County. Complaints are attached hereto as Exhibits 1-7.
10 (Please note that Plaintiff J.L.’s claim was consolidated with Pierce County Case No. 20-2-
11 07864-1).

12 3.3 Generally, Claimants in the Lawsuits seek damages based upon the allegations
13 that Gateways is liable to them under claims for negligence and other claims as set forth in
14 more detail in the Complaints.

15 3.4 Philadelphia is presently providing a defense to Gateways in five out of seven
16 Lawsuits.

17 3.5 Philadelphia’s coverage position regarding the Lawsuits filed by Claimants
18 J.G, S.B., T.C., J.C., M.M., R.W. and M.S in Pierce County Superior Court have not been
19 determined yet. These Claimants may have claims against Philadelphia’s insurance proceeds
20 of their own based upon the allegations in their Lawsuits.

21 3.6 Upon further information and belief, other Claimants, identified herein as John
22 Does 1-8 and Jane Does 1-8, may in the future assert claims against Gateways that result in
23 additional claims under the Philadelphia Policies.

24 3.7 Recently, some of the Claimants in the Lawsuits have made a \$3,000,000.00
25 insurance policy limits demand upon Philadelphia. Upon information and belief, the demand

1 covers the following Claimants: J.S., A.N., J.J. (a resident of Pierce County, Washington)
 2 J.P., B.F., L.L., K.L., C.S., J.L., G.C. (a resident of Lancaster, California), R.D., J.H., S.P.,
 3 H.R., J.J. (a resident of Rapid City, South Dakota), G.C. (presently incarcerated at the
 4 Washington Department of Corrections), and R.P.

5 3.8 Upon information and belief, the demand is based upon the general liability
 6 policy issued by Philadelphia to Gateways, Policy No. PHPK691150, effective March 1, 2011
 7 to March 1, 2012 which is subject to a \$1,000,000 Each Abusive Conduct Limit and
 8 \$1,000,000 Aggregate Limit (hereinafter referred to as the “Primary Policy”) Philadelphia
 9 also issued an Excess Policy No. PHUB337933 to Gateways, effective March 1, 2011 to
 10 March 1, 2012 which is subject to a \$2,000,000 Each Occurrence Limit and a \$2,000,000
 11 General Aggregate Limit (hereinafter referred to as the “Excess Policy”) (Both Policies
 12 referred to hereinafter as the “Philadelphia Policies”).The policies are attached hereto as
 13 Exhibits 8 and 9.

14 3.9 Upon further information and belief, the Claimants contend that the aggregate
 15 amount of the general and special damages suffered by them exceeds \$3,000,000.00.

16 3.10 Philadelphia acknowledges that it is obligated under the Philadelphia Policies
 17 to pay and will pay all sums that its insureds are legally obligated to pay to the entitled
 18 recipient(s) subject to the applicable policy language, limitations, endorsements and limits.

19 3.11 Prior to the filing of this Complaint, Philadelphia already paid \$212,500 from
 20 the Aggregate Limit of \$3,000,000.00 in prior Gateway Lawsuits. Hence, only the unpaid
 21 \$2,787,500 of the Policies Proceeds (hereinafter the “Remaining Insurance Proceeds”) are at
 22 issue in this action.

23 3.12 Philadelphia claims no beneficial interest in those Remaining Insurance
 24 Proceeds, as it is a mere stakeholder.

IV. CAUSE OF ACTION

4.1 The purpose of interpleader is to litigate an issue of liability. An interpleader action is appropriate when a financially disinterested Stakeholder like Philadelphia is subject to a reasonable probability of double vexation as to the single liability.

4.2 Here, because of the competing existing and potential claims against Gateways and the Philadelphia Policies, Philadelphia is exposed to double or multiple liabilities.

4.3 Philadelphia cannot resolve the conflicting claims and, therefore, is unable to determine to whom the Remaining Insurance Proceeds should be paid.

4.4 Under the provisions of Rule 22 of the Federal Rules of Civil Procedure and 28 U.S.C. § 1335, Philadelphia is entitled to join all persons asserting claims against it in a single proceeding so that it may avoid duplicative litigation and the possibility of double or inconsistent liability on the conflicting and adverse claims.

4.5 Further, Philadelphia seeks a declaration that its liability for claims alleging sexual abuse by residents and/or employees of Gateways and damages arising therefrom is limited to \$2,787,500 (“Remaining Insurance Proceeds”) and that once the Remaining Insurance Proceeds are paid, Philadelphia shall be fully and finally released from all liability to each of the Interpleader Defendants and that it shall be fully and finally discharged from all further liability to anyone under the Philadelphia Policies by reason of payment of proceeds of that policy.

V. PRAYER FOR RELIEF

WHEREFORE, Plaintiff Philadelphia requests the Court to:

5.1 Declare that the maximum insurance policy limits to which all Claimants could be entitled under the two Philadelphia Policies(both the Primary and Excess), are limited to \$2,787,500;

5.3 Declare that upon payment of the applicable Policies' limits, Philadelphia will be fully and finally discharged from all further liability to anyone under both the Primary and Excess Philadelphia Policies by reason of payment of proceeds of those policies and that it will have no further duty to defend or indemnify Gateways due to the exhaustion of the two Policies; and

5.4 Grant such further relief as this Court deems just and proper.

DATED this 20th day of January, 2022.

GILLASPY & RHODE, PLLC

Joanne T. Blackburn, WSBA No. 21541
Natalia Smirnova, WSBA No. 55110
821 Kirkland Ave., Suite 200
Kirkland, WA 98033
Telephone: 425.646.2956
Facsimile: 425.462.4995
jblackburn@gillaspyrhode.com
nsmirnova@gillaspyrhode.com
*Counsel for Philadelphia Indemnity
Insurance Company*

GILLASPY & RHODE, PLLC
821 Kirkland Avenue, Suite 200
Kirkland, Washington 98033
Phone (425) 646-2956 Fax (425) 462-4995